

110TH CONGRESS
1ST SESSION

H. R. 1075

To establish the United States Territories Infrastructure Bond Bank, and
for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 15, 2007

Ms. BORDALLO (for herself and Mrs. CHRISTENSEN) introduced the following bill; which was referred to the Committee on Natural Resources, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To establish the United States Territories Infrastructure
Bond Bank, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “United States Terri-
5 tories Infrastructure Bond Bank Authorization Act”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

8 (1) **BANK.**—The term “Bank” means the
9 United States Territories Infrastructure Bond Bank.

1 (2) BOARD.—The term “Board” means the
2 Board of Directors of the United States Territories
3 Infrastructure Bond Bank.

4 (3) DEBT INSTRUMENTS.—The term “debt in-
5 struments” means bonds or notes issued by the
6 Bank under authority granted in this Act.

7 (4) INFRASTRUCTURE.—The term “infrastruc-
8 ture” means those facilities that are essential for
9 public health, welfare, and safety, such as sewage
10 treatment facilities, municipal water supply and
11 treatment facilities, solid waste facilities, public safe-
12 ty equipment and facilities, roads, traffic control de-
13 vices and other transportation facilities, sidewalks,
14 buried utility lines and other streetscape improve-
15 ments, parks and other open space or recreational
16 areas.

17 (5) TERRITORIAL CUSTOMER.—The term “ter-
18 ritorial customer” means any of the governments of
19 the United States territories of American Samoa,
20 Guam, the United States Virgin Islands, or the
21 Commonwealth of the Northern Mariana Islands, or
22 such other territory as shall become eligible in ac-
23 cordance with the provisions of section 14.

24 (6) TERRITORY.—The term “territory” means
25 a territory of the United States.

1 (7) SECRETARY.—The term “Secretary” means
2 the Secretary of the Interior.

3 **SEC. 3. ESTABLISHMENT.**

4 (a) IN GENERAL.—The Secretary shall establish, in
5 accordance with this Act, a body corporate and politic,
6 with corporate succession, to be known as the “United
7 States Territories Infrastructure Bond Bank”. The Bank
8 shall not be an agency or instrumentality of the Federal
9 Government, and an officer, employee, or member of the
10 board of the Bank shall not be deemed to be an officer
11 or employee of or agent for the Federal Government by
12 reason of such service.

13 (b) PURPOSE.—The purpose of the Bank shall be to
14 provide low-cost financing for any territorial customer to
15 construct infrastructure or refinance debt that was ac-
16 quired to construct infrastructure.

17 (c) ESSENTIAL GOVERNMENTAL FUNCTION.—The
18 Bank shall be an entity exercising public and essential
19 governmental functions, and the exercise by the Bank of
20 the powers conferred by this Act is deemed to be an essen-
21 tial governmental function of the territories.

22 (d) INCORPORATION OF BANK.—The Secretary
23 shall—

24 (1) incorporate the Bank in a jurisdiction of the
25 United States, under the laws of that jurisdiction,

1 after consultation with the governors of the terri-
2 tories; and

3 (2) organize the initial meeting of the Board of
4 Directors.

5 **SEC. 4. BOARD OF DIRECTORS.**

6 (a) IN GENERAL.—Except as provided in section 14,
7 the Bank shall be governed by a Board of Directors con-
8 sisting of 5 members as follows: one appointed by the Sec-
9 retary, and one each appointed by the governors of Amer-
10 ican Samoa, Guam, the United States Virgin Islands, and
11 the Commonwealth of the Northern Mariana Islands.

12 (b) RESIDENCY.—A director from a territory shall be
13 a resident of the territory from which the director was ap-
14 pointed.

15 (c) TERM OF OFFICE; VACANCY; REMOVAL.—Direc-
16 tors shall serve for a term of 4 years, except that the terms
17 of the members of the initial board shall terminate in a
18 uniformly staggered fashion over the first 4 years of the
19 Bank's existence as determined by the Secretary. A direc-
20 tor may be reappointed. Any vacancy occurring other than
21 by the expiration of a term shall be filled by appointment
22 for the unexpired term. The Secretary may remove a direc-
23 tor from office for cause after a public hearing. The Sec-
24 retary may suspend a director pending the completion of
25 this hearing.

1 (d) ELECTION OF CHAIRMAN.—The Board shall elect
2 a chairman by a simple majority from among the Board’s
3 members.

4 (e) OATH OF OFFICE.—Each director shall—

5 (1) take and subscribe an oath, upon entering
6 office, to perform the duties of his office faithfully,
7 impartially and justly to the best of his ability, with
8 a record of the oath to be filed with the records of
9 the Bank;

10 (2) submit a report of the director’s personal
11 investment holdings and if the Secretary determines
12 that such holdings conflict with the purposes of this
13 Act, the director must divest himself of such hold-
14 ings, or vacate the position; and

15 (3) execute a surety bond as required in section
16 12.

17 (f) COMPENSATION.—All directors shall be reim-
18 bursed for reasonable expenses incurred in carrying out
19 their duties under this Act.

20 **SEC. 5. PROFESSIONAL STAFF.**

21 (a) APPOINTMENT OF PRESIDENT BY BOARD.—The
22 Board shall appoint a President who shall serve at the
23 pleasure of the Board, and, subject to the authority of the
24 Board, shall exercise general supervision, direction, and
25 control of the affairs of the Bank. The Board of Directors

1 shall determine the duties and compensation of the Presi-
2 dent.

3 (b) EMPLOYEES.—The President may employ a gen-
4 eral counsel, architects, engineers, accountants, attorneys,
5 financial advisors or experts and any other agents or em-
6 ployees who are required and determine their qualifica-
7 tions, terms of office, duties and compensation.

8 **SEC. 6. BANK AUTHORITY AND PROHIBITIONS.**

9 (a) AUTHORITY TO ISSUE GENERAL OBLIGATIONS,
10 BONDS, OR NOTES.—The Bank may issue general obliga-
11 tions, bonds, or notes in such principal amounts as the
12 Board deems necessary to provide funds for any purpose
13 authorized in this Act, including—

14 (1) making loans;

15 (2) paying, funding, or refunding of the prin-
16 cipal of, or interest or redemption premiums on, any
17 bonds or notes issued by it whether the bonds or
18 notes or interest to be funded or refunded have or
19 have not become due;

20 (3) establishing or increasing of reserves to se-
21 cure or to pay bonds or notes or interest thereon,
22 and

23 (4) paying all other costs or expenses of the
24 Bank, during the initial 2 years of operation, that

1 are incident to carrying out the Bank's purposes and
2 powers.

3 (b) GENERAL POWERS.—The Bank may exercise the
4 general powers of a bond bank, such as the power to—

5 (1) sue and be sued;

6 (2) adopt an official seal and alter the seal at
7 pleasure;

8 (3) adopt bylaws and make and enforce rules
9 for the conduct of its business and for use of its
10 services and facilities;

11 (4) maintain an office at any place within the
12 United States;

13 (5) acquire, hold, use and dispose of its income,
14 revenues, funds and moneys;

15 (6) acquire, rent, lease, hold, use and dispose of
16 other personal property for its purposes;

17 (7) borrow money and issue its negotiable gen-
18 eral obligation debt instruments payable from reve-
19 nues or funds of the Bank, subject only to agree-
20 ments with the holders of particular bonds or notes
21 pledging particular revenues or funds, and to provide
22 for and secure the payment thereof and to provide
23 for the rights of the holders thereof, and to pur-
24 chase, hold and dispose of any of its debt instru-
25 ments; Except as otherwise provided herein or by

1 the Bank, every issue of bonds or notes shall be gen-
2 eral obligations;

3 (8) obtain additional security for bonds or notes
4 by a pledge of any grant or contributions from the
5 United States, a State or territory, or any other gov-
6 ernmental unit, or any person, firm or corporation,
7 or a pledge of any income or revenues, funds or
8 moneys of the Bank from any source whatsoever;

9 (9) fix and revise from time to time and charge
10 and collect fees and charges for the use of its serv-
11 ices or facilities;

12 (10) accept gifts or grants of property, funds,
13 money, materials, labor, supplies or services from
14 the United States of America or from any govern-
15 mental unit or any person, firm or corporation, and
16 carry out the terms or provisions or make agree-
17 ments with respect to any gifts or grants, and to do
18 any and all things necessary and appropriate in con-
19 nection with procuring, acceptance or disposition of
20 gifts or grants;

21 (11) do anything authorized by this Act,
22 through its officers, agents or employees or by con-
23 tracts with any person, firm or corporation;

24 (12) enter into and enforce all contracts nec-
25 essary and appropriate for the purposes of the Bank

1 or pertaining to any loan to a governmental unit or
2 any purchase or sale of municipal bonds or revenue
3 bonds or other investments or to the performance of
4 its duties and execution or carrying out of any of its
5 powers under this Act;

6 (13) purchase or hold municipal bonds and rev-
7 enue bonds at such prices and in such manner as
8 the Bank deems advisable, and sell municipal bonds
9 and revenue bonds acquired or held by it at such
10 prices without relation to cost and in such manner
11 as the Bank deems advisable;

12 (14) invest any funds or moneys of the Bank
13 not immediately required for loan to governmental
14 units and for the purchase of municipal bonds or
15 revenue bonds, in the same manner as permitted for
16 investment of funds belonging to the territories or
17 held in the treasury, except as otherwise provided by
18 this Act;

19 (15) prescribe any form of application or proce-
20 dure required of a governmental unit for the loan or
21 purchase of its municipal bonds or revenue bonds,
22 fix the terms and conditions of that loan or pur-
23 chase, and enter into agreements with governmental
24 units with respect to any loan or purchase;

1 (16) consider the need, desirability or eligibility
2 of the loan to a territorial customer, the ability of
3 the territorial customer to secure borrowed money
4 from other sources and the costs thereof, and the
5 particular public improvement or purpose to be fi-
6 nanced by the municipal bonds or revenue bonds to
7 be purchased by the Bank;

8 (17) charge for its costs and services in review
9 or consideration of any proposed loan to a territorial
10 customer or purchase of municipal bonds or revenue
11 bonds of a territorial customer, including a charge
12 for such costs or services, whether or not the loan
13 is made or the municipal bonds or revenue bonds are
14 purchased;

15 (18) establish any terms and provisions with re-
16 spect to any purchase of municipal bonds or revenue
17 bonds by the Bank, including date and maturities of
18 the bonds, provisions as to redemption or payment
19 prior to maturity, and any other matters which are
20 necessary or advisable in the judgment of the Bank;

21 (19) conduct examinations and hearings and to
22 hear testimony and take proof, under oath or affir-
23 mation, at public or private hearings, on any matter
24 material for its information and necessary to carry
25 out this Act;

1 (20) issue subpoenas requiring the attendance
2 of witnesses and the production of books and papers
3 pertinent to any hearing before the Bank, or before
4 one or more of the directors of the Bank appointed
5 by it to conduct the hearing;

6 (21) apply to any court, having territorial juris-
7 diction of the offense, to have punished for contempt
8 any witness who refuses to obey a subpoena, or who
9 refuses to be sworn or affirmed to testify, or who is
10 guilty of any contempt after summons to appear;

11 (22) procure insurance against any losses in
12 connection with its property, operations or assets in
13 such amounts and from such insurers as it deems
14 desirable;

15 (23) consent, to the extent permitted under its
16 contracts with the holders of bonds or notes of the
17 Bank, to any modification of the rate of interest,
18 time and payment of any installment of principal or
19 interest, security or any other term of bond or note,
20 contract or agreement of any kind to which the
21 Bank is a party; and

22 (24) issue Bank bonds or notes which are se-
23 cured by neither the reserve fund nor the revenue
24 bond reserve fund, but which may be secured by

1 such other funds and accounts as may be authorized
2 by the Bank from time-to-time.

3 (c) PROHIBITIONS.—The Bank may not—

4 (1) make loans of money to any person, firm or
5 corporation other than a government or a govern-
6 mental agency or subdivision, or purchase securities
7 issued by any person, firm or corporation other than
8 a governmental unit or for investment except as pro-
9 vided in this Act;

10 (2) issue bills of credit, or accept deposits of
11 money for time or demand deposit, or administer
12 trust, or engage in any form or manner in, or in the
13 conduct of, any private or commercial banking busi-
14 ness, or act as a savings bank or savings and loan
15 association;

16 (3) be or constitute a bank or trust company
17 within the jurisdiction or under the control of the
18 comptroller of the currency of the United States of
19 America or the department of the treasury thereof;
20 or

21 (4) be or constitute a bank, banker or dealer in
22 securities within the meaning of or subject to the
23 provisions of any securities, securities exchange, or
24 securities dealers law, of the United States of Amer-
25 ica or of the territories or of any State.

1 **SEC. 7. BYLAWS.**

2 The Board shall adopt, consistent with this Act and
3 with concurrence from the Secretary, an appropriate by-
4 laws, charter or operating model that shall describe—

5 (1) the operational structure of the Bank, in-
6 cluding the banks powers and limitation;

7 (2) a description of the Bank’s fund and ac-
8 count structure;

9 (3) procedures for payments and defaults; and

10 (4) minimum borrower requirements.

11 **SEC. 8. SECURITY.**

12 (a) AID INTERCEPTION.—An interception of any
13 Federal aid intended for a United States territory that
14 has defaulted on an obligation to the Bank may be imple-
15 mented, subject to the following conditions—

16 (1) the Federal aid to be intercepted was ex-
17 plicit in the debt instrument signed by the territorial
18 customer and the Bank;

19 (2) the member or members of the Board ap-
20 pointed by the Secretary agreed to the specific des-
21 ignation in the debt instrument of sources of Fed-
22 eral aid that would be intercepted;

23 (3) the Bank provides the Secretary with writ-
24 ten certification of the default and a request to
25 intercept the Federal Aid, and sends notice of the
26 certification to the territorial customer; and

1 (4) the Bank provides notice to the Federal de-
2 partments or agencies administering those funds
3 payable to the territorial customer that were explicit
4 in the debt instrument.

5 (b) DIRECTED PAYMENT.—Following receipt of the
6 written certification from the Bank provided for in sub-
7 section (a), the Secretary shall notify the Secretary of the
8 Treasury of the default and the Federal aid to be inter-
9 cepted. The Secretary of the Treasury shall pay the Fed-
10 eral aid funds that are intercepted to the Bank on the
11 account of the territorial customer to defray principal and
12 interest owed according the debt instrument.

13 **SEC. 9. REPORTS.**

14 The Bank shall prepare and submit to each official
15 who has appointed a member of the Board a report on
16 activities of the Bank for the preceding calendar year, and
17 an audit of its books and accounts by in independent cer-
18 tified public accountant, within 90 days of the end of the
19 calendar year. The report and audit shall be made avail-
20 able by request to the public.

21 **SEC. 10. UNITED STATES AND TERRITORIAL GOVERN-**
22 **MENTS NOT OBLIGATED.**

23 (a) UNITED STATES NOT OBLIGATED.—The deposit
24 of Federal funds into the Bank established under this Act
25 shall not be construed as a commitment, guarantee, or ob-

1 ligation on the part of the United States to any third
2 party, nor shall any third party have any right against
3 the United States for payment solely by virtue of the con-
4 tribution. Any security or debt-financing instrument
5 issued by the infrastructure bank shall expressly state that
6 the security or instrument does not constitute a commit-
7 ment, guarantee, or obligation of the United States.

8 (b) OBLIGATIONS OF TERRITORIAL GOVERN-
9 MENTS.—A territorial customer is liable only for its obli-
10 gations to the Bank, and not for the obligations and ac-
11 tions of the Bank.

12 **SEC. 11. LOCAL AUTHORITY.**

13 Prior to a territory receiving financial assistance from
14 the Bank, the Governor of the territory must sign or con-
15 cur in a certification that the territory has appropriate
16 legal authority to avail itself of the financial assistance
17 offered by the Bank.

18 **SEC. 12. ADMINISTRATION.**

19 (a) EXPENSES.—All expenses incurred by the Bank
20 in carrying out the purposes of this Act shall be payable
21 solely from revenues or fees collected by the Bank, except
22 as provided in section 6(a) of this Act.

23 (b) SURETY BONDS.—The following surety bonds to
24 be paid by the Bank shall be required of the officials of
25 the Bank—

- 1 (1) \$50,000 for the Chairman of the Board;
- 2 (2) \$50,000 for the President of the Bank; and
- 3 (3) \$25,000 for a member of the Board.

4 **SEC. 13. TAX EXEMPTION.**

5 All activities, instruments, property, and income of
6 the Bank shall be exempt from all manner of Federal,
7 State, and local taxation.

8 **SEC. 14. ADDITIONAL PARTICIPATION.**

9 (a) EXTENDED ELIGIBILITY.—After the initial 5
10 years of the Bank's existence, the Secretary, with the con-
11 currence of each of the Governors of the American Samoa,
12 Guam, the United States Virgin Islands, and the Com-
13 monwealth of the Northern Mariana Islands, may invite
14 the governor of another United States territory to appoint
15 a member of the Board and, at such time as the new mem-
16 ber has been appointed, extend eligibility to that territory
17 for Bank services.

18 (b) VOTING MEMBERS.—If the number of voting
19 members on the Board is an even number, the Secretary
20 shall appoint another member.

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